

Impact of **COVID-19** on contractual obligations

Every business around the world irrespective of location, size and nature of business has been deeply impacted with the unprecedented situation we are in with **COVID-19**.

This has greatly challenged businesses with supply chain, business continuity and performing the contractual obligations

Typically all contracts have some sort of language that allows businesses to seek relief from performing the obligations or postpone or modify

It solely depends on the exact language used in the contract and what is covered

There can be some contracts that also include **COVID-19** situations like epidemics or pandemics. It is not necessary that the clause has to be named as Force Majeure and there are several similar terms across contracts like “Acts of God”, “events beyond control”, quarantine or a catch-all clause addressing any event that prevents performance.

Here are some of the steps you should be following to understand your contractual obligations and associated risks

1) Review the Force Majeure clause across your contracts

The very first step you should do is to review all your active business contracts that include your customer contracts and vendor contracts. See which of these contracts have force majeure included.

The exact language used within the force majeure clause will decide whether a nonperformance of contract obligation can be excused or modified.

Some contracts have detailed events included in the force majeure clause and some are very restricted

2) Look for notice, duration and other provisions within the Force Majeure clause

Force Majeure clause differs across contracts and it is important to understand what it can trigger within a contract when an event like Covid-19 occurs. The exact language used within the force majeure contract is important.

Some contracts have mention of notice, duration and mitigation requirements that need to be adhered to excuse nonperformance

Depending on what is included in force majeure it is possible for complete termination of the contract or temporary relief from performance or relief from agreed deadlines etc....

3) Review your contractual relationship

Make sure you are reviewing all your related documents associated with a particular contract like statement of works, amendments etc for clauses that can impact your performance obligations.

what is included in the force majeure and if that is going to get them into risk for nonperformance of contractual obligations from their end.

At **Smart Contract Analytics** we have developed an artificial intelligence and machine learning based platform which can ingest all your contracts irrespective of whether they are in digital or scanned format.

Further, we can understand the key metadata by way of extracting clauses from the contracts using pre-trained machine learning Models and give you the ability to search for any keywords or terms across your contracts in minutes.

Using our **semantic analysis** we can not
Only find the force majeure clause but also
language related to force majeure like acts of
god, epidemics, pandemics etc....



Talk to us if you are interested in a live demo of the platform

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